



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Board Report 21-37

Date: July 20, 2021

To: Board of Deferred Compensation Administration

From: Staff

Subject: Measurement Period for Deferred Compensation Plan
Participant Goals

Board of Deferred Compensation Administration

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Recommendation:

That the Board of Deferred Compensation Administration (Board) approve the measurement of DCP participant goals on a calendar year basis starting with calendar year 2021 and moving forward annually.

Discussion:

A. Background

At its September 15, 2020 meeting, the Board adopted Deferred Compensation Plan (DCP) participant goals related to participation, contributions, distributions, and asset retention (rollovers) for fiscal year 2020-21. Historically, the adoption of DCP participant goals has been on a fiscal year basis versus a calendar year basis. The primary reason for this was to align with the Personnel Department's reporting on key goals and metrics for each division's functions, including the Employee Benefits Division on a fiscal year basis.

At its December 15, 2020 meeting, the Board adopted a Memorandum of Understanding (MOU) between the Board and the Personnel Department regarding the reporting relationship and duties for staff assigned to work with the DCP. The MOU allows the DCP to operate with a degree of autonomy from the Personnel Department while providing for the most efficient use of staff and financial resources.

B. Measurement of Calendar Year 2021 Participant Goals

Currently, the measurement of participant goals is based on a fiscal year basis to align with the reporting of goals of the Personnel Department. Given the newly executed MOU which provides


the DCP with a level of autonomy to operate with some degree of independence from the Personnel Department, staff reviewed and evaluated the measurement of these goals as it relates to the operation of the DCP under the MOU and is recommending that participant goals be measured on a calendar year basis moving forward based on the following:

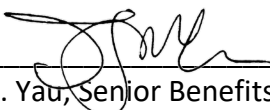
- Align with the reporting of various metrics in the DCP annual report which is measured on a calendar year basis and includes reporting on participant goals adopted by the Board annually
- Align with the DCP annual budget which is established on a calendar year basis and provides for the allocation of resources to support strategies for achieving participant goals adopted by the Board annually
- Align with the DCP’s strategic initiatives which are adopted by the Board on a calendar year basis
- Provides for the reporting of all DCP metrics on a calendar year basis to align with the DCP annual report, DCP annual budget, and DCP strategic initiatives

Accordingly, staff recommends that the Board approve the measurement of DCP participant goals on a calendar year basis starting with calendar year 2021 and moving forward annually. Upon the Board’s approval, the participant goals adopted by the Board in **Attachment A** will be measured on a calendar year basis from January 1, 2021 to December 31, 2021. Staff will prepare a final report regarding the outcomes of calendar year 2021 participant goals in the first quarter of 2022. Staff will continue to employ the following strategies for achieving participant goals throughout the remaining six months of the calendar year:

- Targeted email and mail campaigns
- Monthly “Money Matters” virtual DCP meetings
- Voya “journeys” email campaigns
- Citywide campaigns such as National Retirement Security Month
- Distribution of participant micro-surveys

New participant goals will be established at the start of calendar year 2022 and subsequently thereafter on a calendar year basis.

Submitted by: 
Eric Lan, Management Assistant

Reviewed by: 
Jenny M. Yau, Senior Benefits Analyst II

Approved by: 
Steven Montagna, Chief Personnel Analyst

**CALENDAR YEAR (CY) 2021 DEFERRED COMPENSATION PLAN (DCP)
PARTICIPANT GOALS**

A. CY 2021 DCP Participation Goals

- **Participation Goals by Years of City Service**
 - 1) Increase participation of employees with less than **one year** of City service by 1%, from 40% to 41%.
 - 2) Increase participation of employees with less than **three years** of City service by 1%, from 52% to 53%.

- **Participation Goals for Lowest Participating Departments and Labor Organizations**
 - 1) Increase participation of the five departments with the lowest participation by 1%:

DEPARTMENT	BASELINE	GOAL
MAYOR’S OFFICE	42%	43%
COUNCIL OFFICES	46%	47%
GENERAL SERVICES DEPARTMENT	53%	54%
PUBLIC WORKS – STREET SERVICES	54%	55%
RECREATION AND PARKS	59%	60%

- 2) Increase participation of the five labor organizations, including non-represented employees (greater than 50 full-time employees) with the lowest participation by 1%:

MOU	BASELINE	GOAL
MOU 15 – SERVICE EMPLOYEES	34%	35%
MOU 00 – NON-REPRESENTED	53%	54%
MOU 04 – EQUIP. OPERATION AND LABOR	53%	54%
MOU 14 – SERVICE AND CRAFT	56%	57%
MOU 02 – BUILDING TRADES	60%	61%

B. CY 2021 DCP Contribution Goals

- **Average Employee Contributions** – Maintain average employee contributions at the current 5.48%, calculated to include all full-time employees eligible for the DCP.
- **Percent-of-Pay Savings** – Increase the number of participants saving as a percent-of-pay from 3,064 (9% of contributing participants) to 3,446 (10% of contributing participants).

C. CY 2021 DCP Distribution Goals

- **Retirees Closing Accounts** – Maintain the number of retirees who close their accounts to no more than 2.5% of the retiree population (excluding closures of Qualified Domestic Relations Order and beneficiary accounts).

D. CY 2021 DCP Asset Retention Goals

- **Assets Rolling Out of Plan** – Maintain the number of retirees who roll funds out of their account to no more than 4.5% of the retiree population (excluding closures of Qualified Domestic Relations Order and beneficiary accounts).